CABINET.

CIVIL AVIATION POLICY.

MEMORANDUM BY THE SECRETARY OF STATE FOR DOMINION AFFAIRS.

The Civil Aviation Committee met on Friday, 14th, and on Monday, 24th September, to consider the Memorandum by the Minister of Civil Aviation, C.A.C. (45) 3 annexed.

2. The Committee agreed to recommend to the Cabinet that:

(a) the Minister of Civil Aviation should be authorised to proceed with the negotiation of bilateral agreements on the lines recommended by him in paragraph 8 in his memorandum;

(b) the policy of Commonwealth co-operation, as set out in paragraphs 9-11, should be endorsed;

(c) the recommendation of the Minister of Civil Aviation for the State-ownership of all transport airfields should be approved;

(d) the policy recommended by the Minister in paragraph 25 should be approved, namely, that the previous proposals which would permit pre-war operators to re-establish certain services, with a special concession to Scottish operators, were not justified on grounds of operational and economic efficiency and that it would be operationally more efficient and more consistent with our general policy if all European and internal services were entrusted to a single corporation.

3. The discussion as to the part to be played by private capital in operating airline services occupied considerable time at the first meeting and was adjourned until the second. Finally, the Committee decided to recommend to the Cabinet, with regard to the services referred to in paragraph 14, that:

(a) the British Overseas Airways Corporation, which is entirely financed by public monies, should be the national organisation responsible for Commonwealth services and for services to the United States, China and the Far East;

(b) two other Corporations should be established, one operating to South America and the other operating United Kingdom internal and European services. As a matter of urgency, the Committee authorised the Minister of Civil Aviation to arrange for the proposed survey flight to South America by the British Overseas Airways Corporation.

4. In view of the considerations urged by the Minister of Civil Aviation, the Committee recommended that private monies should be entitled to participate in the Corporations mentioned in paragraph 3 (b), but wished to limit this participation to 20 per cent. In this connection it was urged that in view of the forthcoming nationalisation of the railways it was not necessary to make special provision beyond the 20 per cent. for any railway participation.

5. It should be stated that the Minister of Civil Aviation, in view of the importance that he attaches to the participation of surface transport interests, was not of opinion that the 20 per cent. participation was sufficient. He takes the view that he should have authority to negotiate with those concerned, enabling him to provide for a 40 per cent. participation of private capital in the European Corporation and for 33\(\frac{1}{3}\) per cent. in the South American Corporation.
6. It was agreed that the Corporation concerned must be responsible for training, servicing, maintenance and all matters relating to the provision, management and safety of aircraft.

7. It was agreed that there was no need to control Charter Flying but that the activities of Charter fliers should be watched to ensure that they did not encroach on the field of scheduled flying; and it was also agreed that the Corporations should not be debarred from Charter flying.

8. It was also agreed that the Ministry should be authorised to foster the participation of the British interests in the airlines of foreign countries as recommended in paragraph 46.

9. Finally, it was agreed that the announcement made on the 6th June as to the use of Prestwick should be approved, namely, that British aircraft on passage to and from Canada and the United States should stop to pick up and set down at Prestwick until Heathrow was ready. There appears to be some question as to the form of the Committee's conclusion on this matter, but I gather that it was accepted that the use of Prestwick should be determined by operational requirements.

10. I ask my colleagues to approve the recommendations set out above.

A.

Dominions Office, S.W. 1.
11th October, 1945.
ANNEX.

CABINET.

Civil Aviation Committee.

MEMORANDUM BY THE MINISTER OF CIVIL AVIATION.

THIS Paper is divided into 5 parts:—

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I circulate this paper to give members of the Committee a general picture of the problems with which we are faced. In particular, policy decisions are urgently required on the following matters:

Para. 8

(i) International policy

Para. 19, 25, and 26

(ii) The form of organisation for operating United Kingdom air services and the early announcement of Government policy

Para. 28

(iii) Airfield policy

Para. 29

(iv) Prestwick

Para. 46

(v) Participation in airline development in foreign countries

PART A.—THE PRESENT POSITION.

I.—THE INTERNATIONAL POSITION.

1. The International Conference held last autumn at Chicago was attended by delegations from 52 countries. All important countries were represented except the U.S.S.R. which, at the last moment, cancelled their acceptance of the invitation on the grounds that unfriendly neutral countries had been invited.

2. The work of the Conference fell into two parts: (a) technical regulations governing all forms of international flying, and (b) international relationships in air transport development. Before the war international regulation of civil aviation was concerned mainly with (a) and covered such matters as safety regulations, rules of the air, airworthiness, radio and meteorological procedure and the licensing of personnel and aircraft. These matters were not governed by any single International Convention which commanded universal support. The Paris Convention of 1919 had been ratified by 33 States, but, among others, the United States, the U.S.S.R. and China were not parties to it. The United States, in conjunction with 8 Central American Republics and Chile, ratified the Havana Convention, 1928, but its application was limited to the American continent, and, unlike the Paris Convention, it made no provision for uniformity in technical matters. At Chicago progress was achieved in evolving technical codes of
universal application. An Interim Agreement to establish a provisional Inter-
national Civil Aviation Organisation was signed and has since been formally 
accepted by His Majesty’s Government and 34 other States. The Organisation 
has been formed and will be located in Montreal, where the first meeting of the 
Interim Council is now in session. A draft of a permanent Convention which 
would establish a permanent International Organisation was also prepared at 
Chicago. This Convention, if ratified by the necessary minimum of 26 countries, 
would modernise and supersede the separate Paris and Havana Conventions. 
Whilst it is difficult to measure the prospects of ratification of the draft Conven-
tion by the necessary countries, it is a reasonable assumption that the countries 
which have accepted the Interim Agreement will also ratify the permanent 
Convention. A list of these countries is annexed in the Appendix to this Paper.

3. Draft annexes dealing with a wide field of technical subjects were 
prepared at Chicago as a basis for further study. These are now being examined 
detail by the technical experts of the various countries. The prospects of full 
international agreement in this field are encouraging. Another important feature 
of both the Interim Agreement and the permanent Convention is the reaffirma-
tion of the doctrine of sovereignty of the air enunciated in both the Paris and the 
Havana Conventions. Each country reserves to itself sovereignty over the air 
space above its territory, which includes its Colonies and its protected and 
mandated States. Traffic originating and terminating within State territory 
so defined, is technically known as cabotage and is reserved as internal traffic 
to each State.

4. Agreement did not prove possible at Chicago on the provisions necessary 
in a multilateral Convention to govern relationships in air transport develop-
ment. The United Kingdom, with substantial support, contended for the orderly 
development of international air transport in accordance with the policy published 
in the White Paper Cmd. 6361/44, but the United States delegation could not 
be persuaded to accept any arrangements which fettered their right to develop 
air transport on fully competitive lines. These unresolved issues were remitted 
to the Provisional Organisation for the purpose of continuing the study and 
making recommendations. Meanwhile, all countries will be obliged to follow the 
pre-war practice of negotiating bilateral agreements to cover the operation of 
their international air services. The United Kingdom, in agreement with the 
Dominions, have decided to adopt a number of standard clauses, based on the 
principles for which we contended at Chicago, which will be incorporated in all 
 bilateral agreements with foreign countries. As a result of the recent Common-
w
wealth Air Transport Council Conference, these provisions have been translated 
into the form of a standard bilateral agreement.

5. A large number of countries, including all Commonwealth countries and 
the United States, have signed the International Air Services Transit Agreement 
drawn up at Chicago. This provides for the reciprocal grant of the right of 
transit without landing and the right of landing for non-traffic purposes. These 
rights are known as Freedoms 1 and 2. (We in this country would rather refer 
to them as Privileges.) The remaining (commercial) Freedoms (or Privileges) 
are as follows:

igrated at Chicago, this Agreement provides for the 
reciprocal grant of all Five Freedoms and was signed without reservation by 
15 Latin American countries and 8 others, namely, Liberia, Ethiopia, Afghanistan, 
Sweden, China, Iceland, Syria and the United States. Holland and Turkey have 
also adhered but have reserved their rights as regards the Fifth Freedom. But 
other countries have turned to us for advice before concluding agreements. We
have advised them, in accordance with our Chicago policy, of the danger to their own airlines and to those of neighbouring countries of concluding agreements giving unlimited commercial rights to American airlines. In the result, notwithstanding intensive pressure from United States agents, these countries are so far refusing to sign unqualified agreements. These developments recently formed the subject of a protest from the State Department of the United States and, after consideration by the late Prime Minister and Cabinet, we advised the State Department that many countries had sought our advice and that we had naturally advised them in accordance with our own tenets. It was pointed out that this was a logical corollary of the failure to agree at Chicago.

7. There is evidence that, in influential official quarters in the United States, opinion is veering around to the British viewpoint. Mr. T. P. Wright, head of the Civil Aeronautics Administration, in the course of his Wilbur Wright lecture, stated, as his personal opinion, that the British policy advocated at Chicago, subject to one modification with which we would agree, offered the right solution of the problem of the Fifth Freedom. Also, I have advised by the Civil Air Attaché in Washington that Mr. Welch Pogue, head of the Civil Aeronautics Board, holds a similar view.

8. It is my considered opinion, therefore, that we should be wise to continue to stand firm on our policy of "order in the air." The difficulties may be largely resolved at an early date by the International Organisation now established at Montreal.

II.—The Policy of Commonwealth Co-operation.

9. Arrangements for securing Commonwealth co-operation are proceeding satisfactorily. As a result of the Montreal conversations last year, a Commonwealth Air Transport Council has been established to foster co-operation between Commonwealth countries in civil aviation matters of mutual interest. The Council is advisory and has no executive functions. At the first meeting, recently held in London, it was decided that a Secretariat should be established in London.

10. At the Capetown Conference last March it was decided to establish a similar Southern African Air Transport Council to provide for the co-ordination of Commonwealth interests in Southern Africa, i.e., South of Khartoum. The activities of this body, for which a joint secretariat has been established in South Africa, will be co-ordinated with those of the Commonwealth Air Transport Council by their respective secretariats.

11. The proposal to form a Commonwealth Corporation to operate all intra-Commonwealth trunk routes was discussed at Montreal last year, but was rejected by Canada and South Africa who wished to maintain the principle of independent national operation. The United Kingdom counter proposal that joint operating organisations should be formed to operate one or more trunk route services commanded even less support. Australia, which had advocated the Commonwealth Corporation, declined to subordinate her national flag if other Commonwealth countries continued to operate on a national basis. In the result, the principle of co-ordinated parallel operation by independent national airlines was adopted. The resultant arrangements for the use of aircraft of the same type on each route, pooling of revenues and avoidance of duplication of ground facilities will, in fact, secure most of the advantages of joint operation. Arrangements on these lines have already been worked out for the United Kingdom—South Africa and United Kingdom—Australia services.

III.—The Form of Organisation for Operating United Kingdom Air Services.

12. By the British Overseas Airways Act, 1939, Parliament created the British Overseas Airways Corporation, the "chosen instrument" which amalgamated Imperial Airways and British Airways. B.O.A.C. alone is eligible for subsidy in the development of overseas air routes.

13. Internal airlines before the war were operated by air transport companies under licence from the now defunct Air Transport Licensing Authority. Of the licensed companies eight were owned by or affiliated to the railways and six were independent. In 1940 it was decided that only internal services required in the interest of the war effort should be maintained. All these, with one exception, had been operated before the war by the railway "group." In order to
facilitate negotiation and management it was arranged that these companies should become associated in a single consortium called the Associated Airways Joint Committee. This A.A.J.C. has worked throughout the war with commendable efficiency and economy. All other companies with the exception of Allied Airways (Gander Dower), Ltd., a small company operating in the North of Scotland, ceased to operate.

14. In considering the type of organisation required for post-war air services, the late Government concluded that a single monopoly was unsuited to the scale of operations contemplated. Accordingly in White Paper Cmd. 6605 my predecessor proposed three main Corporations to operate British civil air transport services, as follows:

(a) Commonwealth air services, services to the United States and services to China and the Far East to be operated by B.O.A.C. (The policy envisaged that particular routes might be operated by subsidiaries in which established steamship companies would be invited to take a minority holding.)

(b) Services to South America to be operated by a Corporation to be known as British Latin-American Airlines Ltd., comprising the main British shipping lines operating to South America and B.O.A.C. The shipping lines would jointly have a substantial majority holding.

(c) European and internal services in the United Kingdom to be operated by a Corporation in which the participants would be the Railway Companies, the Short Sea Shipping Lines, the Travel Agencies, B.O.A.C. and such other pre-war operators as desired to participate. (No participant would have a majority holding. Under the capital structure subsequently proposed the holdings would be: Railways 43 per cent.; B.O.A.C. 32 per cent.; Short Sea Shipping Lines 15 per cent.; Travel Agencies 5 per cent.; Independent pre-war operators 5 per cent.) The possibility was also envisaged that subsidiary companies should be created to operate in particular areas where the Government was satisfied that this was desirable. Operators who ran services in these areas before the war should participate in order to take full advantage of their specialised experience.

15. The White Paper proposed that each Corporation should be assigned a schedule of routes which, in the view of the Government, it was essential that United Kingdom airlines should be ready to operate as soon as conditions permitted and aircraft were available. New routes required as air transport developed were to be left open to the operator—whether one of the main Corporations or some entirely new operator—who was able to establish before an independent Tribunal that he was best fitted to operate them.

The White Paper also provided for:

(a) The establishment of an impartial Tribunal with jurisdiction to consider complaints on such matters as the adequacy of facilities, and fares and rates of United Kingdom airlines.

(b) The condition that the terms of service of employees of the three Corporations should be those of a model employer.

(c) The right of the Minister of Civil Aviation to appoint members of the Board of B.O.A.C., to approve the appointment of Directors, including B.O.A.C. representatives, on the Boards of the other two Corporations and to approve the Memoranda and Articles of Association of all the companies, both main and subsidiary, which form part of the plan.

16. When the policy was under consideration by the coalition Government last February, the Minister of Labour and National Service stated that he and his colleagues in the Labour Party recognised that the matter was one on which there was a divergence of political view. They thought, however, that it was most important that the main lines of the plan should be decided during the lifetime of the Coalition Government, and they were, in general, prepared to accept the proposals which the Minister for Civil Aviation had put forward. His main difficulty had been over the proposals for the continental services which were likely to be the most profitable, but he was satisfied with the scheme proposed by the Minister of Civil Aviation, provided that it was clear that the Government would have full power to approve the membership of the Board of Directors and would ensure that Directors with a real knowledge of transport matters were selected. He hoped that this company would enter into close relations with
European countries with a view to bringing together, so far as possible, under a single organisation, all the European air services. The association of Railway, Shipping and Travel Agency interests should save the operating company from having to open separate branch offices throughout the continent and would secure the maximum degree of interchangeability of services.

17. Subsequently, however, the plan was modified in the following respects:

(a) On the 18th May, 1945, at a meeting of the Lord President's Committee, it was agreed that the powers of the Tribunal should be extended to include the granting of licences for routes not assigned at the outset to the three Corporations, and that any pre-war operator who was licensed to run an internal air service at the outbreak of war should be entitled to resume the service, provided that he satisfied the Tribunal that he could comply with the welfare conditions applicable to pilots and air crews and that he would use British aircraft. (However, in the present circumstances it may be necessary initially to use a foreign type of aircraft, in order to commence operations at the earliest possible moment. (See paragraph 42.)

(b) At a Cabinet* meeting held on the 5th June, it was agreed:

(i) That services from Scotland to Scandinavia should be withheld from the proposed European Corporation (paragraph 14 (c)) and that the Scottish interests should be afforded the opportunity of applying to the Tribunal for licences to operate these routes.

(ii) That services radiating from Prestwick would not be assigned to the European Corporation but applications for licences from other operators would be entertained, and

(iii) that there should be a very considerable extension of internal services to be operated by Scottish Airways (a railway-controlled company at present associated with the A.A.J.C. and which would be a subsidiary of the European Corporation).

18. In anticipation of Parliamentary approval of the White Paper policy as amplified above, substantial progress had been made, when the late Government fell, with the arrangements for forming the new Corporations. Capital structures and degrees of participation had been provisionally fixed. Approaches had been made to prospective directors and senior executives, and, in certain cases, they had taken an active part in planning. The schedule of routes to be assigned to the European Corporation had been agreed interdepartmentally, and negotiations for operating rights in South America, in connection with the services of the projected British Latin-American Corporation, had been opened.

19. The only legal restraint on anyone desiring to open an airline within the United Kingdom is the Air Navigation (Restriction in Time of War) Order. This Order prohibits civil flying, save with an official permit from the Secretary of State for Air. These restrictions may be removed at an early date and it will then be lawful for anyone to start a scheduled internal airline. It is therefore desirable to make an early announcement of policy, so that all concerned may know where they stand. So far as external scheduled operation is concerned, this would be controlled by the need for an inter-Governmental agreement to secure the necessary operating rights.

PART B.—FUTURE POLICY.

IV.—ORGANISATION.

20. I have considered future policy in the light of the pronouncements of the Labour party. The main objectives of the party, as I conceive them, are to secure that measure of Government control which will ensure the orderly, economical and efficient development of air transport in the public interest, both in its safety and economic aspects. I have also had in mind the limitations imposed by the present international outlook and the need for establishing the necessary organisation to face the competition of foreign airlines now in the rapid process of re-establishment and development.

* C.M. (45) 5th Conclusions, Minute 5.
21. Most of the countries of the world are unwilling to subordinate their sovereign control to an international organisation to own and operate the world's aircraft. The opposition of important Commonwealth countries rules out the feasibility of a Commonwealth Corporation to operate intra-Commonwealth routes. These two objectives are, therefore, unattainable at the present time and we are left to consider the most suitable form of national organisation to meet this situation.

22. The main desiderata seem to me to be as follows:—

(i) Wasteful competition must be avoided either in the form of unnecessary multiplication of operating agencies or unnecessary overheads.

(ii) The form of organisation must permit the attainment of standards of operational efficiency, economy and enterprise necessary to establish our position in international air transport.

(iii) Uneconomic and competitive subsidies must be avoided.

(iv) Remuneration and conditions of service must be such as to attract the right type of directing and administrative staffs and must conform with good employer standards.

23. I do not consider that a single monopoly is best suited to the fulfilment of these objectives. There is an optimum size for any operational unit beyond which there is loss of flexibility, and consequently of efficiency. Moreover, if the functions of management are entrusted to a single organisation, the result may be to place on one small managerial group, responsibility for handling matters having great national importance.

24. I conclude that the right policy is to create the minimum number of separate organisations, under Government control, necessary to operate national air services. I do not favour allowing competing United Kingdom operators on the same route or serving the same area. I think that at this stage of development the White Paper presented by the previous Government has proposed the right number of organisations with the right division into spheres of responsibility. If the creation of these organisations is subject to the safeguards referred to in (i)-(iv) above. I feel that the effectiveness of necessary Government control will be ensured.

25. In my view, however, the modifications proposed since the issue of the White Paper, namely, the right of independent pre-war operators to re-establish their pre-war services and the special concession to Scottish operators, cannot be justified on grounds of operational and economic efficiency. It would be operationally more efficient and more consistent with our general policy, if all European and internal services were entrusted to a single Corporation.

26. I am satisfied that surface transport interests have a constructive contribution to make, in the form of experience and facilities. The railways would not have a controlling interest in the European Corporation; in any case they will presumably, in the lifetime of the present Government, pass into public ownership. It was proposed that the shares of the B.O.A.C. and the railways would, together, amount to 75 per cent. of the total capital; in addition, 5 per cent. of the capital was provisionally assigned to the travel agencies, which are mainly owned by the railways. As regards the B.O.A.C. I see no reason to alter its present status as a Government-controlled undertaking. Its participation in the other Corporations, taken in conjunction with ministerial powers to approve the appointment of the Directors of the Boards of these Corporations, would maintain Government control over policy. But I propose to take early steps to alter and strengthen the Board of B.O.A.C. The grant of a controlling interest to the shipping lines in British Latin American Airlines is more difficult to defend and it is for consideration whether their share should not be reduced to a minority interest, the controlling interest being held by the Government Corporation, B.O.A.C. I favour this.

V.—AIRFIELD POLICY.

27. Pre-war policy left the provision and operation of civil airfields in the United Kingdom, except for three State-owned aerodromes used mainly for international air transport, to local authorities and private enterprise. The municipalities provided about one-third of the total civil airfields and the airline companies limited their own provision to areas in which provision was not made by other means. As internal airline operation was entrusted to a
number of unco-ordinated independent companies, the establishment of civil airfields was completely unplanned. Local authorities complained that they were encouraged to provide aerodromes only to find that airline services did not use them.

28. Exchequer assistance was limited to the provision of Air Traffic Control and the Radio and Meteorological Services. Without exception civil airfields were unremunerative. Post-war airfields will be larger and, normally, will require hard runways. The resultant increase of capital and maintenance costs will be considerable and there is little prospect of a commensurate increase of revenue from landing fees. Consequently, State financial assistance will be necessary if municipal and commercial ownership of transport airfields is to continue. The question arises whether all such airfields should be State-owned. It is arguable that the local community obtain certain advantages for which they should pay, but taking all considerations into account, I favour State ownership of transport airfields.

VI.—Future of Prestwick.

29. The main international terminal for the United Kingdom, as announced in Parliament, is to be located at Heathrow, near Staines. The site is already being developed to meet the requirements of Transport Command. The alternative claims of Prestwick have been urged by Scottish interests, but it is incapable of development to the full standards laid down by the Ministry of Civil Aviation and to the standards adopted by the United States. Furthermore, the main terminal must clearly be as near as possible to London as the major traffic centre. Prestwick will be used as an interim terminal airport until Heathrow is ready, and thereafter will be available as a bad weather alternative. The late Minister for Civil Aviation gave an assurance, announced by the then Parliamentary Secretary in the House of Commons, on the 6th June, that all United Kingdom trans-Atlantic services would land at Prestwick in the interim period, but B.O.A.C. has strongly objected to the imposition of this handicap on British airlines. I favour a decision on this issue solely by the criterion of operational requirements.

VII.—Charter Flying.

30. The late Government proposed to continue the pre-war policy of leaving charter flying (taxi flying) uncontrolled except for air navigation and safety controls, to which all aircraft are subject. There is a legitimate sphere of development for private charter, as distinct from regular scheduled airline operations, and at the International Conference at Chicago there was general agreement that no economic control over this form of flying was necessary unless it tended to encroach on the field of regular airline services. I see no reason to dissent from these conclusions, but I regard it as important that charter flying activities should be kept under close review by my Ministry, in order to obviate abuses. Whilst charter flying is likely to become the main province of private companies, the regular airline operators should not be debarred from participating in this field.

VIII.—Private (non-commercial) Flying.

31. Private flying does not call for any policy of control except that which is necessary in the interests of safety as applied through Air Navigation Regulations.

PART C.—AIRCRAFT POSITION.

IX.—Aircraft Programme.

32. The civil aircraft production programme can be conveniently considered under the following three main heads:—

(a) Heavy (multiple engine) types for operation on long distance trunk routes.
(b) Medium (twin engined) types for services to Europe and internal services in this country.
(c) Smaller types for feeder services, charter work, business firms and private owners.
(a) **Heavy (multiple engine) types.**

33. The production of these types has been planned in three stages:

(i) conversion of bomber types for immediate "stop-gap" use as transports, revenue earning capacity being necessarily of secondary importance;

(ii) production of interim types. These represent re-designed bomber types and are competitive with current American transport aircraft in performance and comfort and are almost competitive in economy of operation;

(iii) new civil types designed *ab initio* as such in accordance with the recommendations of the Brabazon Committee.

35. In category (i) are the York and the Lancastrian, both developed from the 4-engined Lancaster. The Lancastrian is a fast, long-range aircraft now in service on the route to Australia. While it is aerodynamically a fine aeroplane, it is uneconomic in operation. The York has a fuselage more suitable for transport work. A few are already in operation with B.O.A.C. It is intended to use the York on the services to South Africa and to India and possibly on other routes, e.g., to West Africa and to South America, pending the introduction of the Tudor II (see below).

35. In category (ii), i.e., interim types, are the Tudor I and the Tudor II. Both are based on the Lancaster bomber but have completely new fuselages designed to meet civil requirements. The Tudor I is a fast long-range type for all-year-round operation across the Atlantic. Twenty are on order. The prototype has flown successfully. The Tudor II, of which there are 70 on order, is a medium-range aircraft with a fat body and a much larger payload than the Tudor I. Pending the introduction of the Brabazon types referred to below, it will be the backbone of our fleet on the Commonwealth routes as well as on the service to South America. South Africa, Australia and India have already indicated that they will use it to operate their parallel services to the United Kingdom.

36. There remains category (iii), i.e., the Brabazon types. The Brabazon Committee originally recommended that three new types should be developed in the four-engined class. The first type recommended was a very large aeroplane of about 260,000 lb. all-up weight called the Brabazon I which would be capable of operating from London to New York direct. The development of this type has been entrusted to the Bristol Aeroplane Company. There is also under consideration another Brabazon type powered with gas turbine engines driving propellers as a replacement for the Tudors.

(b) **Medium (twin-engined) Types.**

37. In this class there are two British types under development, the Vickers Viking and the Bristol Wayfarer. The Viking is a fast modern aircraft based on the Wellington but with a completely new fuselage. Its all-up weight is 34,000 lb. It is intended for our main European services, and for those internal services on which traffic is heavy. Fifty-eight have been ordered.

38. The Wayfarer (previously known as the Bristol Freighter), of about 35,000 lb. all-up weight, has been developed as a private venture by the Bristol Aeroplane Company. Its main attractions are its low cost of operation, ease of maintenance and ability to operate safely from medium-sized airfields. This is important. Its speed is lower than that of the Viking, and it is less suitable than the Viking for main services on competitive international routes. In speed, however, it compares favourably with the popular American D.C. 3, and it carries a larger payload.

39. As a successor to the Viking, Vickers have submitted a project for an aircraft to be powered with four gas turbine engines driving propellers.

(c) **Smaller Types.**

40. The demand for the smaller types, particularly overseas, will be greater than for the larger types discussed above, and it is most important that good British types should be available for export. In the immediate future we shall have to rely on the De Havilland Dominie, which has earned a world-wide reputation, and the newest type of the Avro Anson (Avro XIX). Fifty Dominies are now being produced for civil purposes, and with the Lend-Lease difficulties out of the way, Ansons will also become available.
41. As replacements for these two types the Brabazon Committee recom­
mended the production of a twin-engine 8-seater and a four-engine 14-seater, both, if possible, to have the same engines. The 8-seater is being produced by the De Havilland Company and is to be called the Dove. The 14-seater is being developed by the Miles Company and is to be called the Marathon.

X.—GENERAL.

42. The main problem is to bridge the gap on European services until the Viking and Wayfarer become available. At present communications between the United Kingdom and continental countries are operated on a military basis by 110 Wing of Transport Command, which was created for the purpose and with a view to later transformation to a civil basis. All the aircraft used on these services are Lend-Lease types, and owing to the limitations of the Lend-Lease Acts it would not be possible to use these aircraft for civil commercial services without buying them outright for dollars. This raises an acute problem of dollar provision, and I have accordingly been considering, as an alternative, the use of captured German aircraft of the Ju. 52 type. A number of these aircraft are available in the British zone in Germany, but I understand that they are not supported by the necessary range of spares to ensure maintenance. They exist in sufficient numbers, however, to cannibalise some of them to maintain the others in operation. The Chiefs of Staff had recommended that these aircraft, in common with all German aircraft, shall be destroyed, but I have sought a special dispensation for captured German transports in view of our possible need of them. Whilst the operators are prepared to accept them for operation on internal services they strongly oppose their use on the European services in competition with American types used by foreign operators. There is also the psychological reaction of the public to the use of enemy aircraft to be considered, but if the dollar position precludes the purchase of American aircraft it might be necessary, notwithstanding the disadvantages, to employ German aircraft until they can be replaced by British types.

43. Now that the war has ended I am pursuing with the Secretary of State for Air and the Minister of Aircraft Production the possibility of increasing the numbers and accelerating the production of civil aircraft types of all classes.

44. The existing programmes of manufacture take account of the possibility that a number of foreign countries may wish to purchase British types.

PART D.—PARTICIPATION IN AIRLINE DEVELOPMENT IN FOREIGN COUNTRIES.

45. It was the policy of the late Government to foster the participation of British interests in the development of airlines in foreign countries seeking outside assistance. There is a growing tendency in all countries to establish national airlines and Latin America and the Middle East, in particular, offer opportunities for British participation. The policy offers the following advantages:—

(i) It stimulates exports of British aircraft and technical skill;
(ii) It provides valuable feeder services connecting with British trunk route services;
(iii) It assists indirectly in trade development and maintaining British friendship in foreign countries.

46. In the main, British participation would be carried out through the medium of the trunk route operator responsible for serving the area in which feeder development is required. An agreement for the formation of an Anglo-Egyptian Company, Egyptian Airways, in which B.O.A.C. and Misr Airwork, the national airline of Egypt, would participate, is now in process of negotiation. Successive changes in the Egyptian Government have created difficulties, but it is expected that the Agreement will shortly be made. An advanced stage has also been reached in the conclusion of Agreements with the Lebanon and Iraq for the provision by B.O.A.C. of technical advice and assistance. I propose to extend this policy as rapidly as circumstances permit, but availability of British aircraft is at present necessarily a limiting factor.
PART E.—CONCLUSIONS.

Decisions are required upon the following matters:—

(i) **International policy.**

Does the Committee agree that we should continue to stand firm on our policy of "order in the air"? (Paragraph 8.)

(ii) **The form of organisation for operating United Kingdom air services and the early announcement of Government policy.**

Does the Committee agree with the proposed organisation of United Kingdom airlines? (Paragraphs 18, 25, 26.)

(iii) **Airfield policy.**

Should all transport airfields be State-owned? (Paragraph 28.)

(iv) **Prestwick.**

Does the Committee agree that the use of Prestwick for United Kingdom trans-Atlantic services should be decided solely by the criterion of operational requirements? (Paragraph 29.)

(v) **Participation in airline development in foreign countries.**

Is it agreed that we should continue the existing policy? (Paragraph 48.)

(Initialled) W.

3rd September, 1945.
APPENDIX.

The following table, based on information supplied by the State Department of the United States, lists the countries represented at Chicago and indicates which Chicago documents they had signed as at the 18th July, 1945:

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<th>Country</th>
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(1) With reservation (four Freedoms).

(2) Ad referendum.
The following is a statement of the countries which have accepted the Interim Agreement, Transit Agreement, Transport Agreement and Convention respectively as at the 18th July, 1945, based on information supplied by the State Department of the United States:

### Countries Accepting Interim Agreement

Afghanistan.  
Australia.  
Belgium.  
Brazil.  
Canada.  
Chile.  
China.  
Colombia.  
Czechoslovakia.  
Egypt.  
El Salvador.  
Ethiopia.  
France.  
Haiti.  
Iceland.  
India.  
Iran.  
Ireland.  
Lebanon.  
Liberia.  
Luxembourg.  
Mexico.  
Netherlands.  
New Zealand.  
Norway.  
Paraguay.  
Peru.  
Poland.  
Portugal.  
Sweden.  
Switzerland.  
Syria.  
Turkey.  
United Kingdom.  
United States.

### Countries Accepting Transit Agreement (Two Freedoms)

Afghanistan.  
Belgium.  
Canada.  
Czechoslovakia.  
El Salvador.  
Ethiopia.  
India.  
Iraq.  
Liberia.  
Netherlands.  
New Zealand.  
Norway.  
Paraguay.  
Poland.  
Switzerland.  
Turkey.  
United Kingdom.  
United States.

### Countries Accepting Transport Agreement (Five Freedoms)

Afghanistan.  
China.  
El Salvador.  
Ethiopia.  
Liberia.  
Netherlands.  
Paraguay.  
Turkey.  
United States.

### Country Accepting Convention

Poland.

(1) Netherlands accepted the first four Freedoms only.  
(2) Turkey made a reservation in respect of the Fifth Freedom.